

MARSHALL COUNTY

**Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings and Questioned Costs**

June 30, 2011

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Marshall County

Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Patrick Brooks	Board of Supervisors	January 2011
Ron Goecke	Board of Supervisors	January 2011
Dennis Grabenbauer	Board of Supervisors	January 2013
Karen Squiers	County Auditor	January 2013
Deane Adams	County Treasurer	January 2011
Kathy Baker	County Recorder	January 2011
Theoharris Kamatchus	County Sheriff	January 2013
Jennifer Miller	County Attorney	January 2011
Craig Madill	County Assessor	January 2011

(After January 2011)

Dennis Grabenbauer	Board of Supervisors	January 2013
Deane Adams	Board of Supervisors	January 2015
Dave Thompson	Board of Supervisors	January 2015
Karen Squiers (resigned February 2011)	County Auditor	January 2013
Dawn Williams	County Auditor	January 2013
Jarrett Heil	County Treasurer	January 2015
Theoharris Kamatchus	County Sheriff	January 2013
Jennifer Miller	County Attorney	January 2015
Craig Madill	County Assessor	January 2012



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Independent Auditors' Report

To the Officials of Marshall County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Marshall County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2011 on our consideration of Marshall County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 42 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bowman and Miller, P.C.

December 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marshall County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 10.8%, or approximately \$2.6 million, from fiscal year 2010 to fiscal year 2011. Capital grants and restricted interest increased approximately \$1.8 million due to the County receiving proceeds from the jail bond refunding. Property and local option sales tax increased approximately \$171,000. Charges for services increased approximately \$141,000. Operating grants and contributions increased approximately \$8,000. A gain of \$325,000 was noted on the sale of capital assets and unrestricted investment earnings decreased approximately \$18,000.
- Program expenses of the County's governmental activities increased 3.2%, or approximately \$725,000. Roads and transportation had the largest increase of approximately \$419,000. Mental health followed with an increase of approximately \$368,000, public safety and legal services had an increase of approximately \$353,000, and county environment and education increased approximately \$45,000. Decreases in program expenses occurred in administration at approximately \$209,000, non-program at \$5,700, physical health and social services at \$122,000 and governmental services to residents at \$39,000.
- The County's combined net assets increased 7.1%, or approximately \$3.5 million, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Marshall County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Marshall County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marshall County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor special revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, which beginning in fiscal year 2011 to comply with Governmental Accounting Standards Board (GASB) Statement 54 includes the DARE, Commissary Profit, Conservation Land Acquisition Trust and the Klauenberg Trust funds, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health and Dental Insurance Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

The County, with the implementation of GASB 54 in fiscal year 2011, now classifies fund balances as non-spendable, restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Marshall County's combined net assets increased 7.1% or an increase of approximately \$3.5 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 26,228	24,601
Capital assets	43,601	41,540
Total assets	69,829	66,141
Long-term debt outstanding	3,363	3,545
Other liabilities	14,310	13,896
Total liabilities	17,673	17,441
Net assets:		
Invested in capital assets, net of related debt	40,881	38,598
Restricted	8,165	7,195
Unrestricted	3,110	2,907
Total net assets	\$ 52,156	48,700

The largest portion of the County's net assets is the amount invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$203,000. This is an increase of 7.0% from last year.

Restricted net assets increased from approximately \$7.2 million on June 30, 2010 to approximately \$8.2 million on June 30, 2011, an increase of 13.5%. This increase was primarily a result of additional funds for supplemental levy purposes and an increase in rural services permits.

Changes in Net Assets of Governmental Activities		
	Year Ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 2,923,856	2,782,819
Operating grants, contributions and restricted interest	6,000,703	5,992,925
Capital grants, contributions and restricted interest	3,411,560	1,582,551
General revenues:		
Property tax	12,065,442	11,690,240
Penalty and interest on property tax	140,659	119,784
State tax credits	445,297	475,360
Local option sales tax	1,201,856	1,406,106
Unrestricted investment earnings	132,272	150,503
Other general revenues	507,405	8,771
Total revenues	<u>26,829,050</u>	<u>24,209,059</u>
Program expenses:		
Public safety and legal services	6,851,226	6,498,463
Physical health and social services	917,503	1,039,498
Mental health	3,942,233	3,573,759
County environment and education	1,032,703	987,483
Roads and transportation	6,955,298	6,536,335
Governmental services to residents	843,667	882,405
Administration	2,675,879	2,884,784
Non-program	52,977	58,651
Interest on long-term debt	101,753	187,153
Total expenses	<u>23,373,239</u>	<u>22,648,531</u>
Increase in net assets	3,455,811	1,560,528
Net assets beginning of year	<u>48,700,093</u>	<u>47,139,565</u>
Net assets end of year	<u>\$ 52,155,904</u>	<u>48,700,093</u>

Marshall County's net assets of governmental activities increased approximately \$3.5 million during the year. Revenues for governmental activities increased approximately \$2.6 million over the prior year, with capital grants, contributions and restricted interest increasing approximately \$1.8 million, charges for services increasing approximately \$141,000 and operating grants and contributions increasing approximately \$7,800.

The cost of all governmental activities this year was \$23.4 million compared to \$22.6 million last year. As shown in the Statement of Activities on pages 12-13, the amount county taxpayers ultimately financed for these activities was approximately \$11 million because some of the cost was paid by those who directly benefited from the programs (\$2.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.4 million). The County paid for the "public benefit" portion of governmental activities with approximately \$12.1 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of \$10.9 million, which is \$1 million more than the 2010 fund balance. The increase in fund balance is primarily attributable to increases in the general supplemental fund and the other special revenue funds fund balance and a \$284,000 increase in rural services permits:

- General Fund ending fund balance increased approximately \$659,000 from the prior year. Revenues increased \$240,000 with property taxes increasing \$149,000 and charges for services increasing \$937,000, but intergovernmental revenue decreased \$738,000 and interest, contributions and miscellaneous revenue decreased \$108,000. Expenditures also increased by approximately \$174,000. Public safety and legal services and capital projects increased by approximately \$602,000 while expenditures in administration, physical health and social services, transfers and governmental services to residents decreased. The ratio of ending fund balance to expenses at year end was 44.1%
- The Mental Health Fund balance at year end decreased by approximately \$376,000 from the prior year due to expenses increasing and revenues remaining flat. Again in 2011, the County did not qualify to receive additional State funds. However, the County rebated approximately \$65,000 to the State in 2011 to receive \$1.4 million in 2012. The ratio of ending fund balance to expenses at the end of 2011 was 14.2%. To position the County for possible State funding reductions in the future, the maximum rate was levied in 2011 and again in 2012.
- The Rural Services Fund balance at year end increased by approximately \$621,000 from the prior year largely due to an \$18,000 reduction in roads and transportation projects funded by local option sales tax dollars and an increase of approximately \$372,000 in permit revenues due to the Mid American Energy Wind Farm Project. Local option sales tax revenues decreased by approximately \$204,000 due to a reporting error. There actually was an increase of \$132,000 in local option sales tax funds.
- In the Secondary Roads Fund, revenues increased \$225,000, expenditures increased \$374,000, and other financing sources such as operating transfers from the rural services fund and the sale of capital assets increased approximately \$23,000. The ending fund balance increased slightly to \$1,942,000 keeping with the trend begun last year of growing the balance.
- The fund balance of the Debt Service Fund grew slightly with an increase of approximately \$12,000. Expenditures increased by \$1.9 million largely to pay off and re-issue the 2005 jail bonds. The revenues increased proportionately.
- The Capital Projects Fund balance increased by nearly \$16,000. Expenses totaling \$640,000 for the courthouse window and door projects, tiling at the county farm, and physical requirements of the auditor and recorder combination and subsequent Board of Supervisors move were offset by the sale of 118 acres of county owned land for \$450,000. General obligation bond proceeds of \$195,000 were received in the year for the fiscal year 2012 courthouse improvement projects.

BUDGETARY HIGHLIGHTS

Over the course of the year, Marshall County amended its budget twice. The amendments were made in January and May, 2011. They resulted in an increase in budgeted revenues of \$4.0 million and budgeted disbursements of \$3.9 million. Of those totals, \$1.8 million was budgeted to receive bond proceeds and redeem the callable bonds from the 2005 jail bond issue. Other reasons for the amendments included increased grant flow through funds, TIF reimbursement and the July 11 storm damage and subsequent insurance proceeds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Marshall County had approximately \$76.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$4.0 million or 5.5% over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2011	2010
Land and construction in progress	\$ 4,028	2,542
Buildings and improvements	21,116	20,426
Equipment and vehicles	7,968	7,783
Infrastructure	42,995	41,391
Total	\$ 76,107	72,142

This year's major additions included (in thousands):

Secondary road equipment	\$ 268
Bike trail extension	382
Sheriff's patrol cars	71
Courthouse windows	559
Capital assets contributed by the Iowa Department of Transportation	2,076
Total	\$ 3,356

The County had depreciation expense of \$2,076,281 in fiscal year 2011 and total accumulated depreciation of \$32,505,781 at June 30, 2011. More detailed information about the County's capital assets is presented in Note 10 to the financial statements.

Long-Term Debt

At June 30, 2011, Marshall County had \$3,193,444 in general obligation bonds and other debt outstanding compared to \$3,428,911 at June 30, 2010, as shown below.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2011	2010
General obligation bonds	\$ 2,645,000	2,855,000
Capital lease purchase agreements	76,042	86,882
Compensated absences	472,402	487,029
Total	\$ 3,193,444	3,428,911

The County entered into capital lease purchase agreements to lease equipment for the sheriff's office with an historical cost of \$159,460. During the year ended June 30, 2011, the County issued \$2,085,000 of general obligation bonds and retired \$2,295,000 of bonds.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Marshall County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$120 million.

There is no bond rating requested for the County at this time. Additional information about the County's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marshall County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates, and the fees charged for various County activities. One of those factors is the economy. The unemployment rate in the County was 6.8% versus 7.3% in June of 2010 and 6.6% in June of 2009. This compares with the State's June, 2011 unemployment rate of 6.0% and the national rate of 9.2%. The Midwest CPI-U from June, 2010 to June, 2011 was 3.9% compared with a national rate of 3.9%.

These indicators were taken into account when adopting the budget for fiscal year 2012. Proposed spending for fiscal year 2012 decreased 3.9% from the re-estimated 2011 budget with a \$1.1 million decrease for capital projects; however, without the capital projects expenditure decrease, the fiscal year 2012 budget would have increased approximately \$80,000 over the re-estimated 2011 budget. Property tax dollars to be generated in 2012 will represent a 3.6% increase from property taxes levied in 2011. Total revenues from all sources, which includes property taxes, is expected to decrease by 2.4%, or \$548,000.

If these estimates are realized, the County's total operating fund balance is expected to decrease approximately \$1.9 million or to a ratio of 30% of budgeted expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marshall County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall County Auditor's Office, 1 East Main Street, Marshalltown, Iowa 50158.

Marshall County
Statement of Net Assets
June 30, 2011

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 11,254,868
Receivables:	
Property tax:	
Delinquent	8,193
Succeeding year	12,526,426
Interest and penalty on property tax	3,187
Accounts	489,888
Accrued interest	5,884
Due from other governments	1,390,382
Inventories	480,194
Prepaid expenses	68,876
Capital assets (net of accumulated depreciation)	43,601,560
Total assets	<u>69,829,458</u>
Liabilities	
Accounts payable	560,842
Accrued interest payable	9,488
Salaries and benefits payable	327,126
Due to other governments	886,634
Deferred revenue:	
Succeeding year property tax	12,526,426
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	52,100
General obligation bonds	435,000
Compensated absences	472,402
Portion due or payable after one year:	
Capital lease purchase agreements	23,942
General obligation bonds	2,210,000
Net OPEB liability	169,594
Total liabilities	<u>17,673,554</u>
Net Assets	
Invested in capital assets, net of related debt	40,880,518
Restricted for:	
Supplemental levy purposes	2,001,046
Mental health purposes	558,921
Rural services purposes	2,306,010
Secondary roads purposes	2,078,346
Debt service	43,762
Capital projects	677,209
Other purposes	499,548
Unrestricted	3,110,544
Total net assets	<u>\$ 52,155,904</u>

Marshall County
Statement of Activities
Year Ended June 30, 2011

		Program Revenues		
		Charges	Operating	Capital
	Expenses	for Service	Grants, Contributions and Restricted Interest	Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 6,851,226	1,454,342	391,117	-
Physical health and social services	917,503	62,783	439,313	-
Mental health	3,942,233	13,647	1,450,364	-
County environment and education	1,032,703	388,369	32,177	437,649
Roads and transportation	6,955,298	128,026	3,687,680	2,961,380
Governmental services to residents	843,667	527,320	52	-
Administration	2,675,879	15,683	-	12,531
Non-program	52,977	333,686	-	-
Interest on long-term debt	101,753	-	-	-
Total	\$ 23,373,239	2,923,856	6,000,703	3,411,560

General Revenues:

Property and other county tax levied for:

General purposes

Tax increment financing

Debt service

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

Net (Expense)
Revenue
Changes
in Net Assets

(5,005,767)

(415,407)

(2,478,222)

(174,508)

(178,212)

(316,295)

(2,647,665)

280,709

(101,753)

(11,037,120)

11,129,478

343,666

592,298

140,659

445,297

1,201,856

132,272

324,623

182,782

14,492,931

3,455,811

48,700,093

\$ 52,155,904

Marshall County
Balance Sheet
Governmental Funds
June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,751,353	1,318,220	1,486,378	1,361,325
Receivables:				
Property tax:				
Delinquent	5,576	1,483	666	-
Succeeding year	8,226,799	2,099,894	1,604,916	-
Interest and penalty on property tax	3,187	-	-	-
Accounts	12,366	360	365,499	-
Accrued interest	5,884	-	-	-
Due from other funds	-	-	-	15,362
Due from other governments	624,106	10,172	515,219	237,547
Inventories	-	-	-	480,194
Prepaid expenses	62,288	-	-	6,588
Total assets	\$ 13,691,559	3,430,129	3,972,678	2,101,016
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 192,361	98,095	36,226	51,160
Salaries and benefits payable	192,367	11,194	24,962	98,603
Due to other funds	15,362	-	-	-
Due to other governments	216,890	660,644	-	9,100
Deferred revenue:				
Succeeding year property tax	8,226,799	2,099,894	1,604,916	-
Other	7,666	1,320	564	-
Total liabilities	8,851,445	2,871,147	1,666,668	158,863
Fund balances:				
Nonspendable:				
Inventories	-	-	-	480,194
Prepaid expenses	62,288	-	-	6,588
Restricted for:				
Supplemental levy purposes	1,938,758	-	-	-
Mental health purposes	-	558,982	-	-
Rural services purposes	-	-	2,306,010	-
Secondary roads purposes	-	-	-	1,455,371
Conservation land acquisition	494,439	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for conservation purposes	480,334	-	-	-
Assigned for sheriff	240,771	-	-	-
Unassigned	1,623,524	-	-	-
Total fund balances	4,840,114	558,982	2,306,010	1,942,153
Total liabilities and fund balances	\$ 13,691,559	3,430,129	3,972,678	2,101,016

Exhibit C

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
49,318	671,594	496,210	10,134,398
468	-	-	8,193
594,817	-	-	12,526,426
-	-	-	3,187
-	5,615	-	383,840
-	-	-	5,884
-	-	-	15,362
-	-	3,338	1,390,382
-	-	-	480,194
-	-	-	68,876
644,603	677,209	499,548	25,016,742
-	-	-	377,842
-	-	-	327,126
-	-	-	15,362
-	-	-	886,634
594,817	-	-	12,526,426
423	-	-	9,973
595,240	-	-	14,143,363
-	-	-	480,194
-	-	-	68,876
-	-	-	1,938,758
-	-	-	558,982
-	-	-	2,306,010
-	-	-	1,455,371
-	-	-	494,439
49,363	-	-	49,363
-	677,209	-	677,209
-	-	499,548	499,548
-	-	-	480,334
-	-	-	240,771
-	-	-	1,623,524
49,363	677,209	499,548	10,873,379
644,603	677,209	499,548	25,016,742

Marshall County
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets
June 30, 2011

Exhibit D

Total governmental fund balances (page 15) \$ 10,873,379

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$76,107,341 and the accumulated depreciation is \$32,505,781. 43,601,560

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 9,973

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health and dental insurance benefit plans to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 1,043,518

Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (3,372,526)

Net assets of governmental activities (page 11) \$ 52,155,904

Marshall County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 7,615,999	2,023,781	1,483,430	-
Local option sales tax	-	-	1,201,856	-
Interest and penalty on property tax	138,983	-	-	-
Intergovernmental	2,502,900	1,525,635	141,271	3,824,134
Licenses and permits	100	-	416,149	4,505
Charges for service	740,871	13,560	9	22,553
Use of money and property	257,247	-	-	1,859
Miscellaneous	289,052	87	2,036	100,968
Total revenues	11,545,152	3,563,063	3,244,751	3,954,019
Expenditures:				
Operating:				
Public safety and legal services	5,981,177	-	561,458	-
Physical health and social services	888,524	-	26,591	-
Mental health	-	3,939,338	-	-
County environment and education	440,590	-	218,995	-
Roads and transportation	-	-	73,027	5,609,695
Governmental services to residents	812,502	-	-	-
Administration	2,461,677	-	-	-
Debt service	-	-	-	-
Capital projects	396,616	-	-	84,131
Total expenditures	10,981,086	3,939,338	880,071	5,693,826
Excess (deficiency) of revenues over (under) expenditures	564,066	(376,275)	2,364,680	(1,739,807)
Other financing sources (uses):				
Sale of capital assets	9,110	-	-	1,200
Operating transfers in	14,961	-	-	1,743,806
Operating transfers out	-	-	(1,743,806)	-
Capital lease purchase agreement	70,811	-	-	-
General obligation bond proceeds	-	-	-	-
Total other financing sources (uses)	94,882	-	(1,743,806)	1,745,006
Net change in fund balances	658,948	(376,275)	620,874	5,199
Fund balances beginning of year, as restated	4,181,166	935,257	1,685,136	1,936,954
Fund balances end of year	\$ 4,840,114	558,982	2,306,010	1,942,153

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
592,000	-	343,666	12,058,876
-	-	-	1,201,856
-	-	-	138,983
21,329	-	27,421	8,042,690
-	-	-	420,754
-	-	6,300	783,293
-	6,916	342	266,364
-	5,615	28,858	426,616
613,329	12,531	406,587	23,339,432
-	-	11,031	6,553,666
-	-	-	915,115
-	-	-	3,939,338
-	-	282,406	941,991
-	-	-	5,682,722
-	-	9,000	821,502
-	-	-	2,461,677
2,482,182	-	-	2,482,182
-	639,819	-	1,120,566
2,482,182	639,819	302,437	24,918,759
(1,868,853)	(627,288)	104,150	(1,579,327)
-	447,609	-	457,919
1,880,895	-	66,082	3,705,744
-	(1,889,395)	(72,543)	(3,705,744)
-	-	-	70,811
-	2,085,000	-	2,085,000
1,880,895	643,214	(6,461)	2,613,730
12,042	15,926	97,689	1,034,403
37,321	661,283	401,859	9,838,976
49,363	677,209	499,548	10,873,379

Marshall County
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2011

Net change in fund balances - Total governmental funds (page 18) \$ 1,034,403

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 989,998	
Capital assets contributed by the Iowa Department of Transportation	2,823,067	
Depreciation expense	<u>(2,076,281)</u>	1,736,784

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 324,623

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	8,242
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(2,155,811)	
Repaid	<u>2,376,651</u>	220,840

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	14,627	
Other postemployment benefits	(52,977)	
Interest on long-term debt	<u>3,778</u>	(34,572)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health and dental insurance benefit plans to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

165,491

Change in net assets of governmental activities (page 13) \$ 3,455,811

Marshall County
Statement of Net Assets
Proprietary Fund
June 30, 2011

	<u>Internal Service- Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 1,120,470
Accounts receivable	<u>106,048</u>
Total assets	<u>1,226,518</u>
Liabilities	
Accounts payable	<u>183,000</u>
Net Assets	
Unrestricted	<u><u>\$ 1,043,518</u></u>

Marshall County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2011

		<u>Internal Service- Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,542,440
Reimbursements from employees and others		173,633
Insurance reimbursements		<u>342,273</u>
Total operating revenues		2,058,346
Operating expenses:		
Medical claims	\$ 1,597,570	
Insurance premiums	284,745	
Administrative fees	<u>14,071</u>	<u>1,896,386</u>
Operating income		161,960
Non-operating revenues:		
Interest income		<u>3,531</u>
Net income		165,491
Net assets beginning of year		<u>878,027</u>
Net assets end of year		<u><u>\$ 1,043,518</u></u>

Marshall County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2011

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,488,983
Cash received from employees and others	508,946
Cash paid to suppliers for services	<u>(1,924,486)</u>
Net cash provided by operating activities	73,443
Cash flows from investing activities:	
Interest on investments	<u>3,531</u>
Net increase in cash and cash equivalents	76,974
Cash and cash equivalents beginning of year	<u>1,043,496</u>
Cash and cash equivalents end of year	<u><u>\$ 1,120,470</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 161,960
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(60,417)
(Decrease) in accounts payable	<u>(28,100)</u>
Net cash provided by operating activities	<u><u>\$ 73,443</u></u>

Marshall County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Assets

Cash and pooled investments:

County Treasurer	\$ 5,186,937
Other County officials	82,375

Receivables:

Property tax:

Delinquent	33,394
Succeeding year	38,618,052

Accounts	40,813
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Accrued interest	9,077
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Assessments	219,785
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Total assets	<u>44,190,433</u>
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Liabilities

Accounts payable	87,067
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Salaries and benefits payable	2,137
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Due to other governments	43,926,009
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Trusts payable	127,275
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Compensated absences	47,945
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Total liabilities	<u>44,190,433</u>
--------------------------	-------------------

Net assets

	<u>\$ -</u>
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Marshall County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Marshall County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Marshall County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Marshall County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Four drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Marshall County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Marshall County Auditor's office.

One drainage district, a joint district between Marshall and Story Counties, is managed and supervised by elected trustees. This district is included as an Agency Fund of the County.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marshall County Assessor's Conference Board, Marshall County E911 Service Board and Marshall County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County has been designated as trustee of the Marshall County Solid Waste Management Commission's Irrevocable Trust Fund. The purpose of this fund is to demonstrate financial assurance for closure, post-closures and corrective action as required by law. The County's responsibility for this fund is limited to a fiduciary relationship and as such, the activity has been reported in an Agency Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Marshall County Public Safety Communications Center, Solid Waste Management Commission of Marshall County, Region Six Planning Commission, Central Iowa Juvenile Detention Center and Mid-Iowa Drug Task Force.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The county maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	30 – 50
Building improvements	20 – 50
Infrastructure	15 – 65
Equipment	5 – 25
Vehicles	7 – 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) **Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

Marshall County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	<u>\$ 15,362</u>

This balance results from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Marshall County
Notes to Financial Statements
June 30, 2011

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 8,500
	Special Revenue:	
	Attorney's Collections	6,461
		<u>14,961</u>
Debt Service	Capital Projects	1,880,895
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	1,743,806
Special Revenue:	Special Revenue:	
Moderate Income Housing	Urban Renewal Revenue	<u>66,082</u>
		<u>\$ 3,705,744</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows

	General Obligation Bonds	Capital Lease Purchase Agreements	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 2,855,000	86,882	487,029	116,617	3,545,528
Increases	2,085,000	70,811	522	52,977	2,209,310
Decreases	2,295,000	81,651	15,149	-	2,391,800
Balance end of year	\$ 2,645,000	76,042	472,402	169,594	3,363,038
Due with one year	\$ 435,000	52,100	472,402	-	959,502

Marshall County
Notes to Financial Statements
June 30, 2011

(5) Long-Term Liabilities (continued)

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease vehicles for the sheriff's office with historical costs of \$159,460. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 5.75% to 6.50% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2011:

Year ending June 30,	Sheriff's Vehicles
2012	\$ 56,662
2013	25,378
Total minimum lease payments	82,040
Less amount representing interest	5,998
Present value of net minimum lease payments	<u>\$ 76,042</u>

Payments under capital lease purchase agreements totaled \$87,921 for the year ended June 30, 2011.

Industrial Development Revenue Bonds

The County has issued a total of \$6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5,965,000 is outstanding at June 30, 2011. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

Bonds Payable

A summary of the County's June 30, 2011 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	2.00 %	\$ 435,000	59,100	494,100
2013	2.00-3.00	440,000	50,400	490,400
2014	2.00-3.00	460,000	39,750	499,750
2015	2.00	460,000	28,650	488,650
2016	2.00	275,000	19,450	294,450
2017-2018	2.30-2.55	575,000	13,950	588,950
Total		<u>\$ 2,645,000</u>	<u>211,300</u>	<u>2,856,300</u>

During the year ended June 30, 2011, the County issued \$2,085,000 of general obligation bonds and retired \$2,295,000 of bonds.

Marshall County
Notes to Financial Statements
June 30, 2011

(6) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health and dental insurance benefit plans. The plans are funded by both employee and County contributions and are administered through a service agreement with Select Benefit Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Select Benefits Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$1,542,440.

Amounts payable from the Employee Group Health Insurance Fund at June 30, 2011 total \$183,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,043,518 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No.10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 211,100
Incurred claims (including claims incurred but not reported at June 30, 2011)	1,597,570
Payments on claims during the fiscal year	<u>1,625,670</u>
Unpaid claims end of year	<u>\$ 183,000</u>

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Marshall County

Notes to Financial Statements

June 30, 2011

(7) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$567,532, \$523,502 and \$481,538, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 152 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 62,299
Interest on net OPEB obligation	2,915
Adjustment to annual required contribution	<u>(3,603)</u>
Annual OPEB cost	61,611
Contributions made	<u>(8,634)</u>
Increase in net OPEB obligation	52,977
Net OPEB obligation beginning of year	<u>116,617</u>
Net OPEB obligation end of year	<u><u>\$ 169,594</u></u>

Marshall County

Notes to Financial Statements

June 30, 2011

(8) Other Postemployment Benefits (OPEB) (continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, plan members eligible for benefits contributed \$8,634, or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 66,660	13.0%	\$ 57,966
2010	67,285	12.8%	116,617
2011	61,611	14.0%	169,594

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$764,414, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$764,414. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,081,075 and the ratio of the UAAL to covered payroll was 10.8%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

Marshall County

Notes to Financial Statements

June 30, 2011

(8) Other Postemployment Benefits (OPEB) (continued)

As of the July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. This allocation is performed for the group as a whole, not as a sum of individual allocations. The frozen actuarial accrued liability is determined using the entry age actuarial cost method. The portion of this actuarial present value allocated to a valuation year is called the normal cost.

Under this method actuarial gains/(losses) as they occur reduce/(increase) future normal costs. The actuarial assumptions include a projected annual medical trend rate of 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$603.74 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 216,890
Special Revenue:		
Secondary Roads	Services	9,100
Mental Health	Services	660,644
		<u>669,744</u>
Total for governmental funds		<u>\$ 886,634</u>
Agency:		
County Assessor	Collections	\$ 565,838
Schools		23,457,038
Community Colleges		2,848,175
Corporations		12,090,369
Auto License and Use Tax		783,026
Solid Waste Irrevocable Trust		3,143,335
All other		1,038,228
Total for agency funds		<u>\$ 43,926,009</u>

Marshall County
Notes to Financial Statements
June 30, 2011

(10) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,542,001	-	115,000	2,427,001
Construction in progress	-	1,601,499	-	1,601,499
Total capital assets not being depreciated	2,542,001	1,601,499	115,000	4,028,500
Capital assets being depreciated:				
Buildings	20,426,372	689,914	-	21,116,286
Equipment and vehicles	7,783,067	375,653	191,167	7,967,553
Infrastructure, road network	41,391,084	1,603,918	-	42,995,002
Total capital assets being depreciated	69,600,523	2,669,485	191,167	72,078,841
Less accumulated depreciation for:				
Buildings	9,059,352	405,412	-	9,464,764
Equipment and vehicles	4,004,954	432,842	172,871	4,264,925
Infrastructure, road network	17,538,065	1,238,027	-	18,776,092
Total accumulated depreciation	30,602,371	2,076,281	172,871	32,505,781
Total capital assets being depreciated, net	38,998,152	593,204	18,296	39,573,060
Governmental activities capital assets, net	\$ 41,540,153	2,194,703	133,296	43,601,560

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 295,071
County environment and education	90,727
Roads and transportation	1,534,250
Governmental services to residents	19,319
Administration	136,914
Total depreciation expense - governmental activities	\$ 2,076,281

Marshall County
Notes to Financial Statements
June 30, 2011

(11) Operating Leases

During the year ended June 30, 2002, the County entered into an agreement with the Marshall Town Center to lease space for the County Treasurer Motor Vehicle Department. The lease has been classified as an operating lease and, accordingly, all rents are charged to expenditures as incurred. The lease expires June 30, 2011.

The County has also entered into several other leases for operating space used by various county departments and leases for office copy machines. The leases expire at various times through June 30, 2014. The following is a schedule by year of the total annual lease costs required under the operating leases.

<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Rent Due</u>
2012	\$ 95,748
2013	85,172
2014	<u>4,885</u>
Total	<u>\$ 185,805</u>

The total annual lease costs for the year ended June 30, 2011 were \$118,434.

(12) Risk Management

Marshall County is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Marshall County
Notes to Financial Statements
June 30, 2011

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassification is as follows:

	Nonmajor-				
	Conservation				
	General	Land Acquisition	Sheriff's DARE	Klaunenberg Trust	Jail Commissary
Balances June 30, 2010, as previously restated	\$ 3,396,784	69,454	83	475,872	238,973
Change in fund type classification per implementation of GASB Statement No. 54	784,382	(69,454)	(83)	(475,872)	(238,973)
Balances July 1, 2010, as restated	\$ 4,181,166	-	-	-	-

(14) Date of Management Evaluation

Management has evaluated subsequent events through December 16, 2011, the date on which the financial statements were available to be issued.

Required Supplementary Information

Marshall County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 13,263,514	-
Interest and penalty on property tax	141,660	-
Intergovernmental	7,788,012	-
Licenses and permits	58,887	-
Charges for service	754,206	-
Use of money and property	269,193	-
Miscellaneous	390,135	-
Total receipts	<u>22,665,607</u>	<u>-</u>
Disbursements:		
Public safety and legal services	6,237,543	-
Physical health and social services	995,112	-
Mental health	3,995,091	-
County environment and education	908,982	-
Roads and transportation	5,627,425	-
Governmental services to residents	787,610	-
Administration	2,411,562	-
Debt service	2,482,183	-
Capital projects	1,196,448	-
Total disbursements	<u>24,641,956</u>	<u>-</u>
Deficiency of receipts under disbursements	(1,976,349)	-
Other financing sources, net	<u>2,538,108</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	561,759	-
Balance beginning of year	<u>9,572,639</u>	<u>8,072</u>
Balance end of year	<u>\$ 10,134,398</u>	<u>8,072</u>

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
13,263,514	13,031,113	13,127,058	136,456
141,660	12,000	12,000	129,660
7,788,012	8,269,411	8,516,212	(728,200)
58,887	46,775	54,025	4,862
754,206	717,572	717,572	36,634
269,193	374,918	374,918	(105,725)
390,135	346,610	435,652	(45,517)
22,665,607	22,798,399	23,237,437	(571,830)
6,237,543	6,754,560	6,759,560	522,017
995,112	1,028,668	1,257,170	262,058
3,995,091	4,069,374	4,069,374	74,283
908,982	988,405	1,010,265	101,283
5,627,425	5,929,300	6,242,300	614,875
787,610	853,060	853,060	65,450
2,411,562	2,606,409	2,608,964	197,402
2,482,183	619,803	2,495,078	12,895
1,196,448	2,350,075	2,350,075	1,153,627
24,641,956	25,199,654	27,645,846	3,003,890
(1,976,349)	(2,401,255)	(4,408,409)	2,432,060
2,538,108	754,000	2,529,078	9,030
561,759	(1,647,255)	(1,879,331)	2,441,090
9,564,567	6,589,520	9,442,618	121,949
10,126,326	4,942,265	7,563,287	2,563,039

Marshall County
 Budgetary Comparison Schedule -
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 22,665,607	673,825	23,339,432
Expenditures	24,641,956	276,803	24,918,759
Net	(1,976,349)	397,022	(1,579,327)
Other financing sources, net	2,538,108	75,622	2,613,730
Beginning fund balances	9,572,639	266,337	9,838,976
Ending fund balances	\$ 10,134,398	738,981	10,873,379

Marshall County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,446,192. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Marshall County
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 764,414	\$ 764,414	0.0%	\$ 6,706,729	11.6%
2010	July 1, 2008	-	764,414	764,414	0.0%	7,006,508	10.9%
2011	July 1, 2008	-	764,414	764,414	0.0%	7,081,075	10.8%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

Marshall County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Assets				
Cash and pooled investments	\$ 73,000	2,179	8,915	7,018
Due from other governments	-	-	-	-
Total assets	\$ 73,000	2,179	8,915	7,018
Fund Balances				
Fund balances:				
Restricted for:				
Other purposes	\$ 73,000	2,179	8,915	7,018
Total fund balances	\$ 73,000	2,179	8,915	7,018

Attorney's Collections	Drainage Certificates	Moderate Income Housing	Total
21,457	8,072	375,569	496,210
3,338	-	-	3,338
24,795	8,072	375,569	499,548

24,795	8,072	375,569	499,548
24,795	8,072	375,569	499,548

Marshall County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2011

	Resource Enhancement and Protection	Sheriff's Investigative	County Recorder's Records Management	Attorney's Forfeiture
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	21,881	-	-	3,491
Charges for service	-	-	6,300	-
Use of money and property	267	1	52	4
Miscellaneous	-	3,551	-	1,846
Total revenues	22,148	3,552	6,352	5,341
Expenditures:				
Operating:				
Public safety and legal services	-	3,551	-	7,480
County environment and education	-	-	-	-
Government services to residents	-	-	9,000	-
Total expenditures	-	3,551	9,000	7,480
Excess (deficiency) of revenues over (under) expenditures	22,148	1	(2,648)	(2,139)
Other financing sources (uses):				
Operating transfers in (out):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	22,148	1	(2,648)	(2,139)
Fund balances beginning of year, as restated	50,852	2,178	11,563	9,157
Fund balances end of year	\$ 73,000	2,179	8,915	7,018

Attorney's Collections	Drainage Certificates	Urban Renewal Revenue	Moderate Income Housing	Total
-	-	343,666	-	343,666
-	-	2,049	-	27,421
-	-	-	-	6,300
18	-	-	-	342
23,461	-	-	-	28,858
23,479	-	345,715	-	406,587
<hr/>				
-	-	-	-	11,031
-	-	279,633	2,773	282,406
-	-	-	-	9,000
-	-	279,633	2,773	302,437
<hr/>				
23,479	-	66,082	(2,773)	104,150
<hr/>				
-	-	-	66,082	66,082
(6,461)	-	(66,082)	-	(72,543)
(6,461)	-	(66,082)	66,082	(6,461)
<hr/>				
17,018	-	-	63,309	97,689
7,777	8,072	-	312,260	401,859
24,795	8,072	-	375,569	499,548

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	County Offices		Agricultural		
	County Recorder	County Sheriff	Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	2,795	263,618	376,097
Other County officials	18,086	64,289	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	120	257	16,518
Succeeding year	-	-	175,000	350,000	23,064,423
Accounts	158	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments	-	-	-	-	-
Total assets	\$ 18,244	64,289	177,915	613,875	23,457,038
Liabilities					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	2,137	-
Due to other governments	18,244	-	177,915	565,838	23,457,038
Trusts payable	-	64,289	-	-	-
Compensated absences	-	-	-	45,900	-
Total liabilities	\$ 18,244	64,289	177,915	613,875	23,457,038

Schedule 3

Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
46,781	250,366	5,296	76	10,038	783,026
-	-	-	-	-	-
2,093	14,217	186	3	-	-
2,799,301	11,825,786	398,827	4,715	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	219,785	-
2,848,175	12,090,369	404,309	4,794	229,823	783,026
-	-	-	-	-	-
-	-	-	-	-	-
2,848,175	12,090,369	404,309	4,794	229,823	783,026
-	-	-	-	-	-
-	-	-	-	-	-
2,848,175	12,090,369	404,309	4,794	229,823	783,026

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds (Continued)
June 30, 2011

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	School Ready Children	E911
Assets					
Cash and pooled investments					
County Treasurer	\$ 67,893	111,349	3,134,258	49,347	5,719
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	-	37,812
Accrued interest	-	-	9,077	-	-
Assessments	-	-	-	-	-
Total assets	\$ 67,893	111,349	3,143,335	49,347	43,531
Liabilities					
Accounts payable	\$ 1,122	-	-	30,266	42,528
Salaries and benefits payable	-	-	-	-	-
Due to other governments	64,726	111,349	3,143,335	19,081	1,003
Trusts payable	-	-	-	-	-
Compensated absences	2,045	-	-	-	-
Total liabilities	\$ 67,893	111,349	3,143,335	49,347	43,531

Schedule 3

Other	Total
80,278	5,186,937
-	82,375
-	33,394
-	38,618,052
2,843	40,813
-	9,077
-	219,785
83,121	44,190,433

13,151	87,067
-	2,137
6,984	43,926,009
62,986	127,275
-	47,945
83,121	44,190,433

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	County Offices		Agricultural	County Assessor
	County Recorder	County Sheriff	Extension Education	
Assets and Liabilities				
Balances beginning of year	\$ 32,657	58,583	172,387	629,252
Additions:				
Property and other county tax	-	-	169,167	337,479
E911 surcharge	-	-	-	-
State tax credits	-	-	6,101	13,062
Interest	-	-	-	-
Office fees and collections	451,957	132,347	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	548,388	-	-
Miscellaneous	-	-	-	1,215
Total additions	451,957	680,735	175,268	351,756
Deductions:				
Agency remittances:				
To other funds	244,117	132,075	-	-
To other governments	222,253	-	169,740	367,133
Trusts paid out	-	542,954	-	-
Total deductions	466,370	675,029	169,740	367,133
Balances end of year	\$ 18,244	64,289	177,915	613,875

Schedule 4

Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
22,910,170	2,867,010	11,355,489	386,981	4,711	240,077	748,387
22,312,177	2,700,968	13,097,534	383,214	4,555	-	-
-	-	-	-	-	-	-
799,093	99,386	363,439	16,112	166	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,502,454
-	-	-	-	-	123,058	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,111,270	2,800,354	13,460,973	399,326	4,721	123,058	9,502,454
-	-	-	-	-	-	325,728
22,564,402	2,819,189	12,726,093	381,998	4,638	133,312	9,142,087
-	-	-	-	-	-	-
22,564,402	2,819,189	12,726,093	381,998	4,638	133,312	9,467,815
23,457,038	2,848,175	12,090,369	404,309	4,794	229,823	783,026

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2011

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	School Ready Children
Assets and Liabilities				
Balances beginning of year	\$ 63,165	133,292	2,930,581	18,343
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Interest	-	-	52,754	632
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	684,238	-	-
Miscellaneous	129,204	-	160,000	387,621
Total additions	129,204	684,238	212,754	388,253
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	124,476	-	-	357,249
Trusts paid out	-	706,181	-	-
Total deductions	124,476	706,181	-	357,249
Balances end of year	\$ 67,893	111,349	3,143,335	49,347

E911	Other	Total
46,682	65,008	42,662,775
-	12,202	39,017,296
185,728	-	185,728
-	-	1,297,359
67	177	53,630
-	20,108	604,412
-	669	9,503,123
-	-	123,058
-	41,384	1,274,010
-	227,654	905,694
185,795	302,194	52,964,310
-	-	701,920
188,946	129,314	49,330,830
-	154,767	1,403,902
188,946	284,081	51,436,652
43,531	83,121	44,190,433

Marshall County
Schedule of Revenues by Source and Expenditures by Function -
All Governmental Funds
For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 12,058,876	11,692,229	11,055,070	10,472,684
Local option sales tax	1,201,856	1,406,106	1,118,897	1,086,528
Interest and penalty on property tax	138,983	120,109	120,826	106,923
Intergovernmental	8,042,690	7,808,697	7,411,323	9,179,285
Licenses and permits	420,754	54,908	43,873	54,848
Charges for service	783,293	764,880	752,121	734,071
Use of money and property	266,364	290,270	378,597	521,697
Miscellaneous	426,616	390,469	308,071	321,900
Total	<u>\$ 23,339,432</u>	<u>22,527,668</u>	<u>21,188,778</u>	<u>22,477,936</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 6,553,666	6,303,830	5,897,532	5,729,854
Physical health and social services	915,115	1,037,554	920,438	889,834
Mental health	3,939,338	3,565,959	3,795,990	3,759,441
County environment and education	941,991	881,014	880,818	841,792
Roads and transportation	5,682,722	5,335,732	5,141,859	5,926,324
Governmental services to residents	821,502	835,702	796,497	769,337
Administration	2,461,677	2,696,270	2,427,338	2,328,010
Debt service	2,482,182	581,984	734,733	683,613
Capital projects	1,120,566	345,886	867,654	647,702
Total	<u>\$ 24,918,759</u>	<u>21,583,931</u>	<u>21,462,859</u>	<u>21,575,907</u>

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
9,001,670	8,405,905	7,950,897	7,644,123	7,521,013	7,296,733
1,152,504	976,259	1,033,688	978,099	1,031,930	923,660
94,099	85,590	79,971	77,867	91,559	93,099
8,308,773	7,820,874	8,077,032	7,791,934	7,448,548	7,311,452
40,403	46,066	46,971	30,687	26,068	22,635
766,129	796,291	758,393	779,753	798,958	727,343
531,424	455,809	322,399	271,154	317,436	453,080
317,997	692,254	335,855	306,337	405,519	221,255
20,212,999	19,279,048	18,605,206	17,879,954	17,641,031	17,049,257
5,549,685	5,657,380	5,818,897	5,677,146	5,497,490	5,036,429
761,605	850,979	804,436	849,797	1,076,965	1,097,201
3,401,778	3,128,228	3,077,753	2,858,400	2,981,086	2,881,664
794,776	804,072	670,706	609,842	593,010	441,569
5,116,544	4,714,904	5,310,680	4,814,973	4,398,900	4,290,402
743,642	990,407	813,864	733,620	787,284	753,237
2,278,439	2,197,990	2,133,687	2,120,834	2,201,181	2,125,267
661,272	653,589	481,297	319,337	315,337	316,073
1,238,663	1,532,287	339,840	427,775	732,727	795,020
20,546,404	20,529,836	19,451,160	18,411,724	18,583,980	17,736,862

Marshall County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

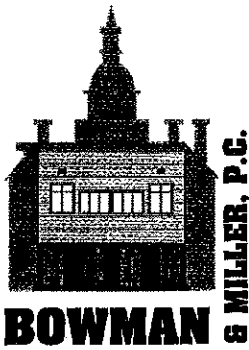
Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561		\$ 28,086
U.S. Department of Justice:			
Iowa Department of Commerce:			
Iowa Alcoholic Beverage Commission:			
Tobacco Surveillance	16.727		850
Iowa Department of Justice-Crime Victims Assistance Division:			
Crime Victim Assistance	16.575	VA-11	25,872
Violence Against Women Formula Grants	16.588	VW-11	41,500
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grant	16.710	09-HOTSPOTS-02	67,962
Recovery Act-Edward Byrne Memorial Justice			
Assistance Grant (JAG) Program/Grants to			
States and Territories	16.803	09JAG/ARRA-44416B	209,589
City of Marshalltown:			
Recovery Act-Edward Byrne Memorial Justice			
Assistance Grant (JAG) Program/Grants to			
States and Territories	16.803		15,054
			224,643
National Highway Traffic Safety Administration:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-10-02 Task 10	3,317
State and Community Highway Safety	20.600	PAP-11-02 Task 10	4,817
			8,133
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State			
Administered Programs	93.566		19
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		6,842
Children's Insurance Program	93.767		128
Foster Care-Title IV-E	93.658		11,131
Adoption Assistance	93.659		2,700
Medical Assistance Program	93.778		26,944
Social Services Block Grant	93.667		9,586
Social Services Block Grant	93.667		183,700
			193,286

Marshall County
Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2011

Schedule 6

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
Iowa Department of Public Health:			
Public Health Emergency Preparedness Grant	93.069	5880BT364	35,607
Public Health Emergency Preparedness Grant	93.069	5880BT64	11,181
Public Health Emergency Preparedness Grant	93.069	5881BT64	14,736
			<u>61,524</u>
Childhood Lead Poisoning Prevention Projects	93.197	5889LP02	<u>45,291</u>
Iowa Department of Education:			
Temporary Assistance to Needy Families	93.558		<u>110,935</u>
U.S. Department of Homeland Security			
Iowa Department of Public Defense:			
Homeland Security Division:			
Emergency Management Performance Grant	97.042		<u>17,403</u>
Total			<u>\$ 873,249</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Marshall County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Marshall County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marshall County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshall County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Marshall County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Marshall County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Marshall County and other parties to whom Marshall County may report including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Marshall County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

December 16, 2011



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Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

To the Officials of Marshall County:

Compliance

We have audited the compliance of Marshall County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major programs for the year ended June 30, 2011. Marshall County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Marshall County's management. Our responsibility is to express an opinion on Marshall County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marshall County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Marshall County's compliance with those requirements.

In our opinion, Marshall County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Marshall County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Marshall County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control over compliance.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Marshall County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Marshall County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Marshall County and other parties to whom Marshall County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Bowman and Miller, P.C.

December 16, 2011

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 93.558 – Temporary Assistance to Needy Families
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 16.803 – Edward Byrne Memorial Formula Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Marshall County did not qualify as a low-risk auditee.

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-11 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Applicable
Offices

Sheriff

(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Sheriff

Recommendation – We realize that segregation of duties is difficult with a limited number of office employees, however, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – The sheriff's office will review their office policies and attempt to segregate duties where possible. Where it is not possible increased review by supervisory personnel will be performed.

Conclusion – Response accepted.

INSTANCES OF NON COMPLIANCE:

No matters were reported.

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted .
- IV-B-11 Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Business Connection	Description	Amount
Angie Kelley, wife of Todd Kelley, Maintenance Supervisor	Fire Extinguishers	\$ 2,916
Dennis Bachman, father of Kim Elder, Emergency Management Director	EMS Training	3,513

The transactions with Angie Kelley and Dennis Bachman may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The Board of Supervisors intends to put the fire extinguisher maintenance contract out for bid eliminating any conflict of interest with Angie Kelley. Dennis Bachman was doing the EMS training before Kim became the director. He is planning on retiring in the near future. We have consulted with our County Attorney and she has given us a letter stating that she does not believe this is a conflict of interest.

Conclusion – Response accepted.

Marshall County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Deposits and Pooled Investments – No instances of non-compliance with the deposit and pooled investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.

Marshall County Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

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